BUDGET ESTIMATES FOR THE YEAR 1958-59.

Presentation.

Mr. SPEAKER.—The Hon'ble the Finance Minister may present the Budget sitting. I know he is not keeping well. He made that request in my chambers. I allow him to present the Budget sitting.

Sri T. MARIAPPA (Minister for Finance).—I am grateful to the Hon'ble Speaker for the kind permission he has accorded me to present the Budget sitting.

SIR,

I PRESENT the Budget Estimates of the State of Mysore for the year 1958-59.

It would indeed be appropriate if a survey of the economic conditions of the State for the current year could be given on this occasion. Finance Ministers of some States have no doubt given a general description of the economic situation prevailing in India as a whole and on that background have tried to discuss the policies that have influenced their Budget Estimates. As the Hon'ble Members are aware, the Prime Minister while presenting the Budget Estimates of the Government of India in the Lok Sabha on 28th February 1958 has given a general description of the economic situation obtaining in the country during the current year and the impact of the policies underlying the Budget Estimates in the coming year. It is, therefore, not necessary for me to narrate what has already been done most ably by the country's leader. It may kindly be borne in mind that the programme of development in Mysore has been carefully dovetailed into the All-India Plan. However, it may be worth while to understand some aspects of economy operating in the State. But, unfortunately, we have not the necessary data nor the elaborate organisation to make a study of such aspects of local economic conditions. It may, however, be necessary to have an idea of the seasonal conditions affecting agricultural production and the progress of development works, both under Plan and non-Plan items. The expansion of social services will also add to a proper understanding of the policies underlying the Budget. Some of these aspects have already been dealt with briefly in the Governor's address to the Legislature. I therefore desire to confine myself here to the major financial problems of the State.

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When I presented the Interim Budget Estimates for the year 1957-58 on the 20th March 1957, I had indicated then that " the real financial picture can only be seen when we get the actuals for the several items of expenditure included in the Budget Estimates." Hon'ble Members will kindly see how true this statement is even after a year of the formation of the New State. For, it has not yet been possible for us to get the actuals of all the integrating units in their entirety for the year 1956-57. Perhaps this position will improve next year and we will then be able to see the financial picture of the New State more clearly.

In presenting the final Budget Estimates on the 15th June 1957, I had indicated a net deficit of Rs. 935·99 lakhs and I had hoped that by enacting uniform taxation laws then before the House, we may be able to have an improvement in our resources to the extent of about Rs. 3 crores per annum. It was therefore clear that I had mainly depended upon the recommendations of the Second Finance Commission for covering the balance of the deficit. The House will be glad to know that my anticipations have been more than fulfilled.

As the House is aware, we had urged before the Finance Commission for substantial grants and a greater portion in the shared taxes on account of the difficulties that have arisen as a result of integration; the prevalence of almost continuous famine conditions in certain parts of the New State and the backwardness of some of the integrating units. We had also pleaded for some relief in the payment of loan instalments and interest charges due to the Government of India. Simultaneously, we had indicated to them our earnestness to balance the Revenue Budget by scaling down unnecessary expenditure and by undertaking economy measures in several directions. In fact, we had effected some economy even before the final Budget Estimates were presented to the House on the 15th June 1957. We have also appointed a Special Officer for suggesting retrenchment in expenditure and for remodelling of the administrative machinery to work more efficiently. All these had the desired effect and the recommendations of the

Finance Commission have been, on the whole, beneficial to the State. I take this opportunity of conveying our thanks to Shri K. Santhanam, the Chairman and his colleagues on the Finance Commission for appreciating our difficulties and recommending to the Government of India for a Grant-in-aid of Rs. 6 crores a year under Article 275 (1) of the Constitution for a period of five years from 1957-58.

According to the other recommendations of the Finance Commission, the States' share in the divisible pool of Income-tax has been raised from 55 to 60 per cent and the share of Mysore State in the amount allocable to the States has been fixed at 5·14 per cent. The list of items on which Union Excise Duties are to be shared with the State Governments has also been expanded and now includes Tobacco, Matches, Sugar, Tea, Coffee, Pepper and Vegetable Non-essential oils. The percentage of the States' share in the collections has, however, been reduced from 40 to 25 per cent. Out of this, Mysore will get 6·52 per cent as its share. The Finance Commission has laid down definite principles for the distribution of the proceeds of the Estate Duty :—

(i) on the basis of gross value of immoveable property located in each State ;

(ii) on the basis of population, in so far as realisations relate to property other than immoveable property.

The Commission has also laid down the principles which should govern the distribution, among the States, of the proceeds of tax on Railway fares and additional duties of Excise on mill-made textiles, sugar and tobacco which have recently replaced sales-tax on these commodities. The income from these additional Union Excise Duties will go towards meeting the corresponding loss due to abolition of sales-tax and a minimum of Rs. 100 lakhs has however been guaranteed. I may mention here that the *ad hoc* grant of Rs. 6 crores per annum also covers the assistance for the revision of scales of pay announced during January 1957. The assistance has however been continued in respect of the improvement of pay of

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Primary School Teachers and the revisions given effect to after 20th February 1957. The overall improvement in the State's financial position as a result of the recommendations of the Second Finance Commission will be as follows:—

Rupees in lakhs.

	1957-58		1958-59
	Budget	Revised	Budget
Share in Excise Duties ...	102·59	186·74	192·34
Share in Additional Excise Duties ...	...	17·51	36·27
Share in Income-tax ...	372·18	382·77	395·62
Estate Duty ...	13·79	11·12	10·25
Tax on Railway Fares ...	...	21·40	40·72
Grant-in-Aid ...	40·00	600·00	600·00
Revenue Gap ...	61·64	23·56	14·92
Total ...	593·20	1243·10	1290·12

The Commission has suggested that each State Government should set apart every year a substantial amount towards a Fund to be constituted for meeting unforeseen expenditure on natural calamities such as floods, famines, etc. You will see from the Budget that the Government has decided to implement this recommendation by contributing Rs. 30 lakhs to the existing Famine Insurance Fund.

Union Loans to the State.

The only recommendation which has not yet been given effect to, is regarding relief under Debt Service Charges. There are a large number of specific or *ad hoc* loans granted by the Union to the States. The number of such loans has become too many and their terms and conditions vary very widely. A large number of these loans have been invested on works which do not yield returns for some years even after execution and in many cases the returns are lower than the interest charged. Moreover, a considerable portion of the investment is on protective works in areas where seasonal conditions are uncertain. The question of the revision of terms and conditions of the Union loans to the States was referred to the Second Finance Commission for its consideration. On a

consideration of all the factors, the Commission recommended the consolidation and rationalisation of the terms of the loans as follows :—

(1) the balances of all loans carrying interest at 3 per cent or more per annum and repayable on or after 1st April 1977 be consolidated into one single loan at 3 per cent per annum payable on 31st March 1987 ;

(2) the balances of all loans carrying interest at 3 per cent or more per annum and repayable on or before 31st March 1977 be consolidated into one single loan at 3 per cent per annum repayable on 31st March 1972;

(3) the balances of all loans carrying interest at less than 3 per cent per annum and repayable on or after 1st April 1977 be consolidated into one single loan at 2½ per cent per annum repayable on 31st March 1987; and

(4) the balances of all loans carrying interest at less than 3 per cent per annum and repayable on or before 31st March 1977 be consolidated into one single loan at 2½ per cent per annum repayable on 31st March 1972.

The Government of India had originally decided to accept all the recommendations of the Finance Commission including the above arrangements for the consolidation of the Central loans. Later, however, they intimated that this particular recommendation is under consideration and, pending final decision on this question, provision for payment of interest on the Central loans and repayment of annual instalments should be made according to the existing arrangements. The total amount thus provided is as under :

Repayment of Loans	...	Rs 300 lakhs
Interest Charges (Gross)	...	Rs. 510·34 lakhs.

No credit has therefore been taken in the Revised Estimates for 1957-58 or Budget Estimates for 1958-59 on account of the anticipated savings in interest charges and the repayment of the principal. Considerable revenues have no doubt been transferred to the States as a result of the award of the Finance Commission and I am not oblivious of the difficulties of the Centre, particularly during 1958-59. Yet, I would earnestly plead for the acceptance of the recommendations of the Finance Commission in respect of the rationalisation of loans and interest charges. I fervently hope

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that the Government of India will eventually decide the issue in favour of the States. This will considerably ease the financial position of the State to some extent during the remaining years of the Second Plan period.

While concluding their Report, the Finance Commission have stated :

> "We cannot over-emphasise the paramount importance of the States balancing their revenue budgets. We have framed our scheme of devolution so as to enable them to do so. With a massive development plan under implementation, there is a grave risk of the budgetary deficits of the States endangering the country's economy by adding to the inflationary potential. Now that all expenditure creating permanent assets are being treated as Capital Outlay, deficits on current account covered by borrowing, result in an unfair shifting by the present generation of its burden to the future generations. *Development expenditure should, therefore, be adjusted to the available resources and States should not run into Revenue deficits even for meeting such expenditure. We earnestly trust that they will bear this in mind in shaping their financial policies.*"

This wise suggestion of the Commission has been kept in view in framing the Budget Estimates for the year 1958-59.

On the whole, the recommendations of the Finance Commission have helped us in stabilising our finances to a large extent. Hon'ble Members will be glad to know that this has enabled me to present a surplus Budget to the House.

The House is aware that different systems of taxation are in force in the different integrating areas of the New State. The difficulties of administering such a system are too obvious. As a first step, the following Bills were placed before the House last year:—

(1) The Mysore Sales Tax Bill, 1957.

(2) The Mysore Sales of Motor Spirit Taxation Bill, 1957.

(3) The Mysore Agricultural Income-tax Bill, 1957.

(4) The Mysore Motor Vehicles Taxation Bill, 1957.

(5) The Mysore Stamp Bill, 1957.

(6) The Mysore Irrigation (Levy of Betterment Contribution and Water Rate) Bill, 1957.

(7) The Mysore Court Fees and Suits Valuation Bill, 1957.

Of these, all except the last were passed into law. The Mysore Court Fees and Suits Valuation Bill was however passed during the current Session.

Of these uniform taxation measures, the Mysore Sales Tax Act and the Mysore Sales of Motor Spirit Taxation Act are the most important. It is likely that these two Acts will yield the largest part of the tax revenue. Their impact, however, this year is not very much; for they were given effect to only from 1st October 1957. Moreover, the Commercial Taxes Department has been comprehensively reorganised only recently. The full effect of these taxation measures is likely to be felt during 1958-59 and in subsequent years. The Mysore Agricultural Income-tax Act came into effect from 1st October 1957 and the full realisations under this Act will be known only during 1958-59 and thereafter. The Mysore Motor Vehicles Taxation Act was given effect to from 1st January 1958 and the yield under this Act during the current year is not considerable. The Mysore Stamp Act and the Mysore Irrigation (Levy of Betterment Contribution and Water Rate) Act, 1957, will be given effect to from 1958-59. It will take some more time before the effect of these measures can be felt on the finances of the State. However, the income from these resources of uniform taxation is likely to be about a crore for the current year, while our expectation was about Rs. 3 crores. It is hoped that the position will improve during 1958-59 and in subsequent years.

Proposals for uniform legislation on Sugarcane Cess, Entertainment Tax, Cinema Show Tax, Local, Health and Education Cesses are under active consideration.

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The income under Land Revenue has become almost static. Survey and Resettlement operations are long overdue and generally take a long time. In view of this, some States have adopted the system of surcharges on Land Revenue to augment their resources. We have, however, taken steps to expedite the Revision Settlement throughout the State and a larger provision has been made in the Budget for 1958-59 in this behalf. Though increase under land revenue so far as dry assessment is concerned could possibly wait Revision Settlement, there is scope and justification for suitable enhancement of water-rates and wet assessment in view of the prevailing agricultural prices. This question is under active consideration.

The levy of a small percentage tax on Bus Passenger traffic in the neighbouring States is a welcome sign and I think we may also move in the same direction to augment our resources.

Small Savings Movement in the State.

I had stated in my last Budget speech that the old Mysore State accepted the Small Savings Scheme only from 1st April 1956 and had taken certain steps to activise the movement. Since then, in order to widen the sphere of activity of agents in all fields, (*a*) Internal Agency System, (*b*) Rural Agency System, and (*c*) Primary School Teachers Agency System have been introduced. To assist the National Savings Department of the Government of India, a Directorate at the Secretariat level has also been set up. Besides, State, District and Divisional Advisory Committees have been formed.

The target of net collections fixed for the State is Rs. 402 lakhs for 1957-58. Gross collections to end of January 1958 is Rs. 468·41 lakhs, out of which net collections after withdrawals is only Rs. 110·29 lakhs. We, therefore, have to exert our utmost to make the Small Savings Schemes more popular in rural areas.

SECOND FIVE-YEAR PLAN OF MYSORE

This Plan envisages a total outlay of Rs. 145·13 crores. Annual Plans are however drawn up keeping in view the total outlay and the resources that are

available, both in the State and by way of grants and loans from the Centre. The performance in the first two years of the Second Plan has not been up to expectations. This was because the old State of Mysore could not devote its full attention to the implementation of all the Plan Schemes in the first year on account of its preoccupations with the States Reorganisation. The conditions during the second year were also not very propitious on account of many difficulties, both human and administrative, that arose as a result of integration. Naturally there is considerable short-fall in expenditure in both these years. We wanted to do better in the third year by gearing up the administrative machinery. But, unfortunately, the ceiling of the Plan for 1958-59 has been limited to Rs. 23·22 crores under 'A' Priority Schemes and Rs. 2·49 crores under 'B' Priority Schemes. Mysore is not the only State which had to face this disappointment. The Plan targets of other States have also been reduced in view of the general difficult conditions operating in the Indian economy. While the Planning Commission were not able to go beyond the assistance of about Rs. 14 crores for 1958-59, it became even more difficult for us to find about Rs. 10 crores from internal resources to finance the balance of the Plan expenditure. I may add that this internal resource includes public borrowings and small savings. Our increasing dependence on the Centre is going to be a normal feature during the Plan period. Apart from this, we hope to get an assistance of Rs. 213·37 lakhs for Centrally-sponsored schemes under Police Buildings, Hutti Gold Mines, Bhadravathi Iron and Steel Works and installation of Power Looms.

The Plan Outlay figures for the Revised 1957-58 and Budget 1958-59 are given below in juxtaposition :—

(Rupees in lakhs)

	Budget 1957-58	Revised 1957-58	Budget 1958-59
Within the Revenue Account.	808·35	692·61	1018·56
Capital Outlay ...	1650·33	1190·58	1289·52
Loans and Advances.	228·07	177·67	376·78
	2686·75	2060·86	2684·86

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(*Rupees in lakhs*)

	Budget 1957-58	Revised 1957-58	Budget 1958-59
Central Assistance on all Accounts:—			
Grants ...	369·76	309·55	459·97
Loans ...	1506·66	915·32	1382·43
	1876·42	1224·87	1842·40

In framing the estimates for the Plan schemes certain additions over and above the Plan Ceiling have had to be made in the light of existing conditions and steps will be taken during the course of the year to re-adjust them within the overall annual Plan ceiling. The Budget papers placed before you show the details of the Plan Schemes and Central assistance.

We will have two more years left for completion of the Second Five-Year Plan. The raising of internal resources during 1959-60 and 1960-61 will be still more difficult. Even assuming a minimum programme of Rs. 35 crores for 1959-60 and Rs. 40 crores for 1960-61 and Central assistance on the existing basis, the State has to find another about Rs. 35 crores if the Plan is to be implemented. Making allowance for borrowings and small savings, we have to raise at least Rs. 20 crores from internal resources. This would mean additional taxation. To what extent these resources could be raised in a manner which will not be unduly burdensome is a matter for careful consideration.

I am placing all these facts for the kind consideration of the House in a very dispassionate manner. In an expanding economy more and more funds are needed for developmental works and increase in social services. Unless internal resources are fully mobilised and more funds are found, it is not possible to meet the increasing demands on social services. Neither our Annual Plan targets nor the Second Five-Year Plan of Rs. 145·13 crores are over-ambitious in the context of the requirements of the State; but we have to cut our coat according to the cloth. It is therefore necessary that

we should continue to be vigilant in two directions; (i) in maximising our internal resources consistent with the capacity of the people to bear additional burden and (ii) by avoiding unrealistic and unremunerative expenditure as far as possible.

Technical and Programme Audit.

In executing schemes during the Plan period large scale expenditure in public sector is involved. In addition to seeing that the amounts provided in the budget are spent in time it is equally necessary to see that there has been careful spending of public funds with an eye on economy and avoidance of wastage. It is also necessary that the programme chalked out is adhered to. Proposals are, therefore, under consideration to introduce Technical and Programme audit with a view to achieve this objective.

I will now place before you the financial picture of the previous year, prospects of the current and the coming year.

Revenue Expenditure.

Actuals for 1956-57.

The Budget of the former State of Mysore for 1956-57 provided for gross revenue receipt of Rs. 2577.53 lakhs and gross revenue expenditure of Rs. 2966.59 lakhs, thus disclosing a revenue deficit of Rs. 389.06 lakhs. The receipts and expenditure of the integrated areas from the ex-States of Bombay, Madras, Hyderabad and Coorg were merged with ex-State of Mysore as from 1st November 1956 under the States Reorganisation Act, 1956. As a result of this change, the accounts of the New State of Mysore as finally closed at the end of March 1957, are made up of (i) full 12 months' revenue and expenditure of the ex-State of Mysore; and (ii) five months' (*i.e.*, from 1st November 1956 to 31st March 1957) Revenue and Expenditure of the integrated areas from ex-States of Bombay, Madras, Hyderabad and Coorg. The provisional accounts show a total revenue of Rs. 3685·49 lakhs and a revenue expenditure of

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Rs. 3568·47 lakhs, thus revealing a net surplus of Rs. 117·02 lakhs, for the year 1956-57 as under :—

	Revenue	Expenditure	+Surplus —Deficit
(i) Accounts for first seven months of 1956-57 (ex-State of Mysore) ...	1516·51	1371·95	+144·56
(ii) Accounts for last five months of 1956-57 (New State of Mysore) ...	2168·98	2196·52	—27·54
	3685·49	3568·47	+117·02

Capital Expenditure.

The total Capital expenditure incurred in 1956-57 by the ex-State of Mysore (first seven months) and the New State of Mysore for the last five months, was Rs. 1169·03 lakhs as under :

Ex-State of Mysore (First seven months)	...	Rs. 460·00 lakhs.
New State of Mysore (Last five months)	...	Rs. 709·03 ,,
		Rs. 1169·03 lakhs.

(The position for the integrating units except for old Mysore, for the first seven months of 1956-57, is not known and all the recurring commitments in respect of all the units may not have been brought to account).

Public Debt.

At the end of March 1957, the Public Debt liability of the New State was as under :

Loans from Government of India (including the share from the integrated areas provisionally allocated on population basis)	...	Rs. 4914·72 lakhs
Loans from Reserve Bank of India	...	Rs. 25·00 ,,
Public Debt of the Ex-State of Mysore	...	Rs. 2511·32 ,,
		Rs. 7451·04 lakhs

No allocation of Debt due to the public from ex-States of Bombay and Madras has yet been made, but on population basis, this would be as under:

	Total Public Debt	Percentage	Share allocable on population basis
	(*In lakhs of Rupees*)		
Ex-State of Bombay ...	4162·01	14·28%	594·33
Ex-State of Madras ...	4767·93	4·11 %	195·96
			790·29

The total Public Debt would, therefore, stand at Rs. 8241·33 lakhs provisionally. The exact figure will be known only after allocation of assets and liabilities are finalised under the provisions of the States Reorganisation Act, 1956.

Cash Balance.

The closing cash balance at the end of March 1957 was Rs. 754·45 lakhs.

Revised Estimates for 1957-58 Revenue Account.

The Budget Estimates for 1957-58 provided for a net revenue of Rs. 3717·73 lakhs after deducting working expenses of Industrial concerns. Of this, Rs. 366·67 lakhs represented the anticipated grants from Central Government towards their share of Plan expenditure on Revenue account. The balance of Rs. 3351·06 lakhs represented the ordinary revenues of the State. According to Revised Estimates the net revenue receipts stand as Rs. 4377·95 lakhs as under:

	Rs.
Ordinary receipts ...	4068·40 lakhs
Central Assistance for Plan Schemes ...	309·55 ,,
	4377·95 ,,

The large increase in the ordinary receipts for 1957-58 is mainly due to larger accretions of revenue under the recommendations of the Second Finance Commission and to some extent due to the yield from the uniform taxation measures brought into force during the year.

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Revenue Expenditure.

The expenditure excluding working expenses of Industrial concerns in the Estimates for 1957-58 was Rs. 4653·72 lakhs against which the Revised Estimates stand at Rs. 4548·52 lakhs as under:

	Budget 1957-58	Revised 1957-58
	(*Rs. in lakhs*)	
Ordinary Expenditure ...	3845·37	3855·91
Plan Schemes ...	808·35	692·61
	4653·72	4548·52

Revenue Deficit.

As a result of large improvement in receipts and a small fall in expenditure, the year 1957-58 is expected to close with a very much reduced revenue deficit of Rs. 170·57 lakhs as against the original anticipated deficit of Rs. 935·99 lakhs. This deficit, of course, depends on the tempo of Plan expenditure anticipated during the last few months of the current year.

Capital Outlay.

The Budget Estimate for 1957-58 provided for a total Capital Outlay including Food Operations of Rs. 2286·16 lakhs against which Revised Estimates stand at Rs. 1803·02 lakhs, as follows:—

	Budget 1957-58	Revised 1957-58
	(Rs. in lakhs)	
Plan Outlay ...	1650·33	1190·58
Non-Plan Outlay ...	635·83	612·44
	2286·16	1803·02

Public Debt.

The conditions of money market during the first few months of 1957-58 were not easy. The Government of India and the Reserve Bank advised the State Governments generally not to embark upon open market borrowing, but to concentrate more on Small Savings Schemes. We were hard pressed for sufficient liquid resources to pay off our 3% 1958 Loan which was due for repayment on 25th January 1958. We, therefore, kept a careful watch over the market conditions and we were in touch with all the leading

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bankers in the country. We were, however, able to persuade the Government of India and the Reserve Bank to agree to our floating a loan of only Rs. 3 crores, though our annual target for open market borrowing was Rs. 5 crores. Our loan was opened for subscription on 16th September 1957 and the House will be glad to know that within a very short time of its opening, it was over-subscribed, the amount tendered for subscription being Rs. 507 lakhs. The success of this loan is proof positive of our credit-worthiness and the soundness of the State's financial position.

I must at the same time acknowledge with gratitude the unstinted co-operation extended to us by some of the leading scheduled banks both inside and outside the State and I wish to convey the appreciation of the Government to all those who made that loan a success. Now that the financial position has improved, I have no doubt whatever, the future loans of the State will receive similar support throughout the country. I may also report to the House that our previous loans have appreciated in recent months. Our 3 per cent 1958 loan of Rs. 508 lakhs was duly discharged on the due date.

Debt, Deposits, etc., transactions for 1957-58 which revealed a net receipt of Rs. 674·80 lakhs in the Budget now show a net receipt of Rs. 714·07 lakhs for the Revised.

As a result of the above transactions, the year is now expected to close with a Cash Balance of Rs. 173·43 lakhs. The cash balance is on the basis of actuals of first six months and anticipation for the remaining part of the year and to the extent there is shortfall in expenditure or improvement in Revenue, the position will improve. Cash Balance.

BUDGET ESTIMATES FOR 1958-59.

Budget Estimates for 1958-59 place the Revenue and Expenditure respectively at Rs. 5096·65 lakhs and Rs. 5082·60 lakhs excluding working expenses of Industrial concerns as compared with the figures in Revenue and Expenditure.

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the Revised 1957-58 of Rs. 4377·95 lakhs and Rs. 4548-52 lakhs respectively. The Estimates for 1958-59 reveal a surplus of Rs. 14·05 lakhs as against a deficit of Rs. 170·57 lakhs in the Revised 1957-58. The details are as under :—

Revenue.

(*Rupees in lakhs*)

	Revised 1957–58	Budget 1958–59	Increase
Normal Revenue	4068·40	4663·00	594·60
Grants from Govt. of India for Plan	309·55	433·65	124·10
	4377·95	5096·65	718·70

The main variations as compared to Revised under Revenue receipts are as follows :—

(*Rupees in lakhs*)

	Revised 1957-58	Budget 1958-59	Difference
Union Excise Duties ...	229·25	328·61	99·36
Income-tax ...	432·40	475·30	42·90
Taxation on Railways ...	21·40	40·72	19·32
Land Revenue ...	411·25	458·00	46·75
Forest ...	366·87	375·33	8·46
Taxes on vehicles ...	170·00	186·30	16·30
Other taxes and duties including Sales-tax ...	572·78	703·29	130·51
Irrigation ...	10·58	22·52	11·94
Interest ...	155·13	193·76	38·63
Civil Administration ...	467·46	796·48	329·02
Civil Works ...	87·25	155·90	68·65
Electricity Schemes ...	72·81	...	—72·81
Miscellaneous ...	118·89	148·14	29·25
Community Projects ...	117·08	119·14	2·06
Other heads ...	1144·80	1093·16	—51·64
Total ...	4377·95	5096·65	718·70

Expenditure. As compared to the Revised Estimates for 1957-58 Revenue Expenditure has risen by Rs. 533·08 lakhs as under :—

(*Rupees in lakhs*)

	Revised 1957-58	Budget 1958-59	Increase
Plan ...	692·61	1018·56	325·95
Normal ...	3855·91	4064·04	208·13
Total ...	4548·52	5082·60	534·08

Out of the estimated expenditure of Rs. 5082·60 lakhs, the Development Departments such as Education, Medical, Public Health, etc., account for Rs. 3128·63 lakhs.

Capital Outlay.

A sum of Rs. 1913·82 lakhs has been provided in the Budget Estimates for 1958-59 for Capital Expenditure as shown below :—

Compensation to Landholders, etc.	35·45	...
Irrigation and Water Supply Schemes	764·83	(579·50)
Industrial Development ...	297·63	(110·00)
Civil Works (Roads, Bridges and Buildings) ...	364·46	(219·62)
Electricity Schemes ...	311·03 (Net)	(329·03)
Other State Works outside the Revenue Account ...	37·37	(31·37)
Road Transport Schemes ...	70·00	(20·00)
Miscellaneous ...	33·05	...
	1913·82	(1289·52)

(The figures shown in brackets represent outlay anticipated on Plan Schemes).

The Budget Estimates for 1958-59 include provision for the following important irrigation and Electricity Schemes :—

Irrigation.

	(*Rs. in lakhs*)
Bhadra Project	285·00
Tunga	5·00
Nugu	5·00
Ambligola	8·10
Contribution to Tungabhadra Board ...	21·35
Tungabhadra Project (Munirabad) ...	100·00
Kabbini	9·00
Ghataprabha (I and II Stages) ...	22·00
Investigations of Major projects ...	3·00

Power.

Sharavathi Valley	245·00
Bhadra	12·50
Tungabhadra Hydro-Electric Project Left Bank	45·35
Tungabhadra Hydro-Electric Project Right Bank	4·18
Tungabhadra Hydro-Electric Project (Board)	1·00
Investigations	3·00

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The details of several other irrigation, Civil and other works will be found in the Budget Documents placed before you.

Loans and Advances.

A sum of Rs. 730·90 lakhs has been provided under 'Loans and Advances by State Government' for 1958-59, and the important items of loans and advances for which provision has been made are detailed below:

Loans for Slum Clearance	...	6·00 lakhs
Loans to Municipalities for water supply	... ...	50·00 ,,
Loans to Municipalities for Drainage Works	... ...	15·00 ,,
Loans to Corporation for Water Supply and Drainage	...	40·00 ,,
Loans to District Boards	...	10·00 ,,
Loans to District Boards for Water Supply and Drainage Schemes	...	5·00 ,,
Loans for construction of Primary School Buildings	... ...	4·64 ,,
Advances to Cultivators	...	71·48 ,,
Advances under Special Laws—State Aid to Industries	... ...	14·00 ,,
Loans under Community Development Programme	... ...	26·00 ,,
Loans to Land Mortgage Banks	...	20·00 ,,
Loans for Rural and Cottage Industries	... ...	2·04 ,,
Loans for Handloom Industries (Cotton, Silk and Handloom)	...	11·54 ,,
Loans for Installation of Power Looms		91·17 ,,
Loans for Development of small scale Industries	... ...	15·00 ,,
Loans to Mysore Housing Board	...	7·50 ,,
Advances to Trust Boards for layout of Extensions	... ...	7·00 ,,
Loans for Housing Scheme	...	33·60 ,,
Surety Loans under Rural Industrialisation Scheme	... ...	5·00 ,,
Loans to Co-operative Societies	...	15·00 ,,
Loans to Urban Societies for construction of Buildings	... ...	5·00 ,,
Loans to Co-operative Societies for construction of Godowns	...	7·50 ,,

Loans to Raw Silk Marketing Co-operative Societies	7·00 lakhs.
Loans under Soil Conservation Schemes	10·38 ,,
Loans to Co-operative, Multipurpose and Marketing Societies for construction of Godowns	5·25 ,,
Loans to Electricity Board ...	158·00 ,,
Loans to Government Servants.—	
House Building Advances ...	45·00 ,,
Purchase of Conveyances including Motor Conveyance	10·78 ,,

Public Debt.

The Budget Estimates for 1958-59 takes credit for a Central loan assistance of Rs. 1665·80 lakhs as detailed below :—

	lakhs.	lakhs.
(*a*) *Centrally Sponsored Schemes*:—		
Police Buildings ...	10·00	
Hatti Gold Mining ...	17·00	
Iron and Steel Works ...	55·20	
Installation of Power Looms ...	91·17	
Loan to Corporation for Water Supply	40·00	
		213·37
(*b*) Reserve Bank of India assistance for Co-operative Schemes.		70·00
(*c*) Loan assistance for Plan Schemes:—		
Revenue Account ...	99·51	
Capital Account ...	940·00	
Loans & Advances ...	342·92	
		1382·43
		1665·80

Further a public loan of Rs. 5 crores is proposed to be raised in the open market. On the disbursement side, a provision of Rs. 300·00 lakhs has been made for the repayment of loans taken from Government of India for various purposes.

Ways and Means.

The year 1957-58 opened with a cash balance of Rs. 754·45 lakhs. The Revised Estimate for 1957-58 reveals a revenue deficit of Rs. 170·57 lakhs and a

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deficit of Rs. 410·45 lakhs on Capital Account, the overall deficit being Rs. 581·02 lakhs. The closing balance at the end of the year would be Rs. 173·43 lakhs. The above figures are, however, based on an assumed plan outlay of Rs. 20·61 crores as worked out by the departments and the position as now anticipated will depend on the anticipated outlay.

The year 1958-59 will end with a Closing Balance of Rs. 28·42 lakhs as a result of transactions summarised below :—

	Rs.	
Opening Balance	173·43	lakhs
Revenue Surplus	14·05	,,
Capital Expenditure	—1777·86	,,
Loans from Central Govt.	1665·80	,,
Open Market Loans	500·00	,,
Repayment of Loans (Central & Public)	—350·00	,,
Inter-State Debt settlements ...	—20·00	,,
Loans & Advances (Net)	—539·10	,,
Other Debt, Deposits, etc. ...	362·10	,,
Closing Cash Balance	28·42	,,

Constitution of a Treasury Cadre.

Consequent on the reorganisation of the State, Treasuries governed by different sets of rules have been taken over by the new State. The arrangements in Hyderabad Karnataka and Bombay Karnataka areas are different in that the Treasury Officers form a separate service and the organisation is under the control of the Finance Department. The Treasuries in Madras Karnataka and Coorg areas are entirely under the Revenue Department. In old Mysore a separate Treasury cadre was sanctioned with effect from 1st January 1954. The separation was only in the lower cadre and the Treasury Officers are still continued to be drawn from the cadre of Assistant Commissioners from the Revenue Department. It is considered necessary that a uniform procedure in all the Treasuries in the State should be introduced very early and a close administrative supervision enforced. The proposals for effecting such a reform are under examination.

In my last speech I had mentioned that the new Service Rules were under issue. I am glad to inform the House that this work has been completed and the following Rules have already been issued : Introduction of Uniform Service Rules.

1. The Mysore Pay and Allowances Rules, 1957.
2. The Mysore Leave Rules, 1957.
3. The Mysore Pension Rules, 1957.
4. The Mysore Extraordinary Pension Rules, 1957.
5. The Mysore Commutation of Pension Rules, 1957.
6. The Mysore Government Servants Maintenance of Record of Service Rules, 1957.
7. The Mysore Government Servants (Foreign Service) Rules, 1957.
8. The Mysore Travelling Allowance Rules, 1957.
9. The Mysore General Provident Fund Rules, 1957.
10. The Rules relating to the sanction of House Building, Motor Car and Bicycle Allowances to Government Servants.

What is now required to be done is to consolidate all the Rules relating to service matters (items 1 to 8) and issue them in a Book form and this work is now being attended to. The Mysore Financial Code and the Mysore Treasury Code have been extended to the entire State. To what extent these Codes require revision, is under examination.

Another outstanding event during 1957-58 is the appointment of the Central Pay Commission. This has disturbed almost all the Finance Ministers of the States. For, with the appointment of such a Commission, hopes are naturally aroused in the State Employees as well. Any recommendation made by the Central Pay Commission will have far-reaching repercussions in the States also. It is therefore necessary that the Central Pay Commission should keep the interests of the entire country in view and decide on the questions referred to it on the background of the economic situation obtaining in the country as a whole. It should not be understood that our inability to raise further the pay scales of the employees of the State Government is not due to any lack of desire or sympathy in their aspirations but is solely due to the present incapacity of the State to bear any extra burden.

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I had indicated in my last speech the difficulties that the new State had to encounter in the early months of integration. We have overcome a large number of the initial difficulties. The State's administrative apparatus which had to face certain dislocation in the early months has begun to work more smoothly. There is yet a great deal to be done to make this apparatus more effective not only in carrying out Government policies but also in working assiduously for the common weal. It is only a little over a year that the five units of disparate historical growth have been brought together and it has naturally taken some time for integration. In my last speech I had prayed for the psychological and emotional integration of the people. That is now taking shape. It is a good augury for the future; but it requires unabated efforts on the part of all of us to give it a final consummation.

Before I conclude let me once again reiterate that there is no room for complacency. We have no doubt made some progress overcoming innumerable difficulties, both human and administrative. We must continue our efforts to find new sources of revenue for rebuilding our State. Our Small Savings Scheme must be a continuous movement throughout the Plan period. I hope your unstinted co-operation will be forthcoming in an abundant measure in this supreme task.

Mr. SPEAKER.—The House will now rise and meet after half an hour.

The House adjourned at Forty Minutes past Two of the Clock and reassembled at Thirty-five Minutes past Three of the Clock.

[MR. SPEAKER in the Chair]

ಶ್ರೀ ಕೆ. ಕೆಂಚಪ್ಪ (ಹಿರಿಯೂರು).—ಆಯವ್ಯಯ ಪಟ್ಟಿಯನ್ನು ಸಭೆಯಲ್ಲಿ ಮಂಡಿಸಿದಮೇಲೆ ಸಭೆಯನ್ನು ಇವೊತ್ತಿನ ದಿವಸ ಬಿಟ್ಟುಬಿಡುವುದು ಉತ್ತಮವೆಂದು ಕಾಣುತ್ತದೆ. ಏಕೆಂದರೆ ಬಜೆಟ್ಟಿನ ವಿಚಾರ ಸ್ವಲ್ಪ ಮನಸ್ಸಿಗೆ ಅಂಟಿಕೊಂಡಿರುತ್ತದೆಯಾದುದರಿಂದ ಬಾಕಿ ವಿಚಾರಗಳು ಅಷ್ಟು ಹಿಡಿಯುವುದಿಲ್ಲ. ಮನಸ್ಸು ಎಲ್ಲಿಯೋ ಇರುವಾಗ ಬೇರೆ ಇತರ ವಿಷಯಗಳನ್ನು ತೆಗೆದುಕೊಳ್ಳದೆ ದಯಮಾಡಿ ಇವೊತ್ತಿನ ದಿವಸ ಕ್ಕೆ ಬಿಟ್ಟರೆ ಒಳ್ಳೆಯದೆಂದು ನನ್ನ ಅಭಿಪ್ರಾಯ.

Sri M. P. PATIL (Minister for Revenue).—Sir, I support Sri Kenchappa.

Sri U. M. MADAPPA (Chamarajanagar).—It is the convention of this House, Sir.

ಶ್ರೀ ವೈ. ಎರಪ್ಪ (Holenarasipur).—ಹಿಂದಿನಿಂದ ನಡೆದುಕೊಂಡು ಬಂದಿರುವ ಸಂಪ್ರದಾಯವನ್ನು ಅನುಸರಣೆ ಮಾಡೋಣವೆಂದು ಮಾತ್ರ ಹೇಳುತ್ತೇನೆ.

ಅಧ್ಯಕ್ಷರು.—ಇವೊತ್ತು ಸಭೆ ಈಗ ಅಡ್ಜರ್ನ್ ಆಗ ಬೇಕೆಂದು ವಿರೋಧಪಕ್ಷದನಾಯಕರು ಹೇಳಿದರು. ಅದನ್ನು ಮಾನ್ಯ ಮಂತ್ರಿಗಳು ಒಪ್ಪಿದ್ದಾರೆ. ಅದರಿಂದ

ಬಹಳ ತೊಂದರೆ ಇಲ್ಲ. ಇವೊತ್ತು ಅಡ್ಜರ್ನ್ ಆಗ ಬಹುದು. ಆದರೆ ನನ್ನ ತೊಂದರೆ ಏನೆಂದರೆ, ನಮ್ಮ ಮುಂದೆ ಎರಡು ಬಿಲ್‌ಗಳಿವೆ. ಅವಕ್ಕೆ ಐದು ಘಂಟೆ ಗಳಕಾಲ ಅವಕಾಶ ಕೊಟ್ಟಿದ್ದೇವೆ. ಈ ಐದು ಘಂಟೆಗಳ ಕಾಲವನ್ನು ಎಂದಾದರೂ ಒಂದು ದಿವಸ ಪಡೆಯಬೇಕಾಗುತ್ತದೆ. ಅಂಥ ಪ್ರಸಂಗ ಬಂದರೆ ಬೆಳಗ್ಗೆ ಹೊತ್ತು ಕುಳಿತುಕೊಳ್ಳುವುದಕ್ಕೆ ತಾವೆಲ್ಲರೂ ಒಪ್ಪುವುದಾದರೆ ನನ್ನ ಅಭ್ಯಂತರವಿಲ್ಲ. ನಮ್ಮ ಪ್ರೋಗ್ರಾಂ ಎಷ್ಟು ಬಿಗಿಯಾಗಿದೆ. ಎಂದರೆ ಏನು ಮಾಡಿದರೂ ಸಹ ಅವಕಾಶ ಸಿಕ್ಕುವಹಾಗಿಲ್ಲ. ಆದು ದರಿಂದ ಒಂದು ದಿನವೋ ಅಥವ ಎರಡು ದಿನಗಳೋ ಬೆಳಗ್ಗೆ ಹೊತ್ತು ಕುಳಿತುಕೊಂಡು ಕೆಲಸಮಾಡುವು ದಕ್ಕೆ ಒಪ್ಪಿಕೊಂಡರೆ ಅಡ್ಡಿ ಇಲ್ಲ. ಹಾಗೆ ತಾವು ಒಪ್ಪುತ್ತೀರೆಂದು ನಾನು ಭಾವಿಸುತ್ತೇನೆ. ಆದು ದರಿಂದ ಇವೊತ್ತು ಈ ಸಭೆಯು ಅಡ್ಜರ್ನ್ ಆಗಿ ನಾಳೆಯ ದಿನ ಮಧ್ಯಾಹ್ನ ಒಂದು ಗಂಟೆಗೆ ಸೇರುತ್ತದೆ.

The House adjourned at Forty Minutes past Three of the Clock to meet again at One of the Clock on Thursday, the 13th March 1958.

WD 111—GPB—900—17-7-58.